

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 13703 01 OF 02 310247Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AF-10 ARA-10 NEA-10 IO-13
OPIC-03 CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03
NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 XMB-02
AID-05 CEA-01 COME-00 EB-08 FRB-03 TRSE-00 LAB-04
SIL-01 OMB-01 AGR-01 /148 W
-----021125 310255Z /70

R 310235Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9990
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY OTTAWA
AMEMBASSY ROME

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 13703

USEEC
USOECN ALSO FOR EMBASSY

E.O. 11652: XGDS-1
TAGS: ECON, JA
SUBJECT: BONN SUMMIT FOLLOW-UP

1. SUMMARY: MIYAZAKI OF EPA OUTLINES TO EMBASSY GOJ
PLANS FOR SUMMIT FOLLOW-UP IN MACRO-ECONOMIC POLICY AREA.
GUIDANCE REQUESTED ON OUR ATTITUDE TOWARD POSSIBLE EXPAN-
SION OF EMERGENCY IMPORT FINANCING PROGRAM TO INCLUDE
FINANCING OF INVESTMENT ABROAD AND ON OUR LATEST THINKING
TOWARD NEXT SUBCABINET MEETING. END SUMMARY.

2. ECOMIN, ACCOMPANIED BY FINATT, CALLED ON ISAMU
MIYAZAKI, DIRECTOR-GENERAL, COORDINATION BUR, ECONOMIC
PLANNING AGENCY, WED JULY 26 TO DISCUSS WITH HIM JAPANESE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 13703 01 OF 02 310247Z

REACTION TO AND PLANS FOR FOLLOW-UP ON THE BONN SUMMIT.
HIGHLIGHTS OF THE DISCUSSION FOLLOW.

3. CONFIRMING OTHER REPORTS, MIYAZAKI SAID HE BELIEVED
THAT PRIME MINISTER WAS VERY PLEASED WITH THE SUMMIT. HE
THOUGHT THINGS HAD GONE WELL BECAUSE EVERYONE HAD IN THE
FINAL ANALYSIS RECOGNIZED THEIR OWN POINTS OF VULNERABIL-

ITY. HE SAID THAT THE PRIMIN WAS, HOWEVER, VERY MUCH AWARE THAT THE FINAL JUDGMENT AS TO THE SUCCESS OF THE BONN SUMMIT DEPENDED ON HOW THE PROGRAM WORKED OUT THERE WAS IMPLEMENTED.

4. HIGH ON THE LIST OF POST-SUMMIT PRIORITIES FOR JAPAN WAS AA REVIEW OF THE DOMESTIC ECONOMIC SITUATION, WHICH MIYAZAKI SAID WOULD BE COMPLETED BY THE END OF AUGUST. IN THIS CONTEXT HE SAID THAT JAPAN WOULD HAVE TO CONSIDER THE NEED FOR REVISIONS OF ITS CURRENT ECONOMIC FORECASTS, HASTENING TO ADD THAT NO REPEAT NO CONSIDERATION IS BEING GIVEN TO REVISING THE 7 PCT GROWTH TARGET. IN THE COURSE OF REVIEWING POSSIBLE REVISIONS OF THE INDIVIDUAL GNP COMPONENTS, MIYAZAKI SAID THAT DESPITE INTER-AGENCY DIFFERENCES WITH RESPECT TO THE NEED FOR INCREASED PUBLIC EXPENDITURES, THE GOJ WOULD BE PREPARING ADDITIONAL MEASURES TO BE AVAILABLE AS A SORT OF INSURANCE POLICY. NOTING THAT NEITHER THE PRIMIN NOR MINISTER MIYAZAWA FAVORED A TAX CUT, HE ASSUMED THERE WOULD BE NO TAX CUT BUT RATHER INCREASES IN PUBLIC EXPENDITURES. MIYAZAKI ALSO SHOWED CONSIDERABLE CONCERN AS TO HOW REVISIONS OF THE BOP FORECASTS WOULD BE HANDLED. SUGGESTING THAT EXPORT VOLUMES WOULD PROBABLY BE IN LINE WITH THE ORIGINAL FORECASTS, HE OBSERVED THAT EXPORT VALUES HAD FAR EXCEEDED EARLIER EXPECTATIONS. HE SEEMED PARTICULARLY CONCERNED ABOUT THE EXCHANGE MARKET IMPLICATIONS OF A SUBSTANTIAL

CONFIDENTIAL

PAGE 03 TOKYO 13703 01 OF 02 310247Z

UPWARD REVISION IN THE PROJECTED CURRENT ACCOUNT SURPLUS.

5. IN BRIEF COMMENTS ON THE EMERGENCY IMPORT PROGRAM, WHICH HE ACKNOWLEDGED HAD JELLED VERY SLOWLY, MIYAZAKI POINTEDLY NOTED THAT THE PRIMIN AND MINISTER MIYAZAWA FAVORED INCLUDING FOREIGN INVESTMENT AMONG THE ITEMS WHICH CAN BE FINANCED UNDER THE EMERGENCY IMPORT FINANCING PROGRAM. HE NOTED THAT THE MOF HAD TAKEN A STRICT ATTITUDE TOWARD THIS IDEA, BELIEVING THAT IMPLEMENTATION WOULD TAKE TOO LONG. COMMENT: PRESS REPORTS JULY 28 INDICATE THAT THE INTERNATIONAL PAYMENTS COUNCIL (THE INTERAGENCY GROUP TO PROMOTE EMERGENCY BOP MEASURES) DECIDED AT ITS MEETING JULY 27 TO STUDY THE POSSIBILITY OF EXPANDING GOVT LENDING FOR LONG-TERM PRIVATE INVESTMENT ABROAD. SOURCES ARE REPORTED AS SAYING THAT THE COUNCIL AGREED TO TRY TO RESOLVE CONFLICTING VIEWS AMONG CABINET MINISTRIES CONCERNING THE USE OF OFFICIAL FOREIGN EXCHANGE RESERVES FOR SUCH LOANS, WITH MITI REPORTEDLY HOPING TO USE THE LOANS FOR LONG-TERM OVERSEAS INVESTMENTS TO DEVELOP RESOURCES AND PURCHASES OF MINING CONCESSIONS, AMONG OTHER THINGS, AND THE FINANCE MINISTRY RESISTING ON THE GROUNDS THAT SUCH USE OF THE FOREIGN EXCHANGE RESERVES VIOLATED

JAPANESE LAW. END COMMENT.

6. MIYAZAKI ALSO ASKED ABOUT OUR THINKING WITH RESPECT TO FUTURE SUBCABINET MEETINGS. ECMIN REVIEWED WITH MIYAZAKI OUR EARLIER THINKING ON THE SUBJECT BUT DISCUSSION WAS INCONCLUSIVE. COMMENT. WOULD APPRECIATE LEARNING LATEST WASHINGTON THINKING REGARDING PLANS FOR NEXT SUBCABINET MEETING. WOULD ALSO APPRECIATE WASHINGTON'S VIEWS ON

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TOKYO 13703 02 OF 02 310248Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AF-10 ARA-10 NEA-10 IO-13
OPIC-03 CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03
NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 XMB-02
AID-05 CEA-01 COME-00 EB-08 FRB-03 TRSE-00 LAB-04
SIL-01 OMB-01 AGR-01 /148 W
-----021126 310254Z /70

R 310235Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9991
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY OTTAWA
AMEMBASSY ROME

C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 13703

USEEC
USOECN ALSO FOR EMBASSY

A PROGRAM FOR LENDING FOR INVESTMENT UNDER EMERGENCY
IMPORT PROGRAM WITH A VIEW TO PASSING OUR REACTION
QUIETLY TO MIYAZAKI. MANSFIELD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUMMIT MEETINGS, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO13703
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Expiration:
Film Number: D780312-0818
Format: TEL
From: TOKYO USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978071/aaaaabeh.tel
Line Count: 162
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d931c06a-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1843510
Secure: OPEN
Status: NATIVE
Subject: BONN SUMMIT FOLLOW-UP
TAGS: ECON, JA
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d931c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014